A Sense of Wealth Or Poverty Can Help Or Hurt Charitable Giving

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ABSTRACT

Are the rich more generous, or the poor? Confusingly, there are supportive findings on both sides. Three studies reconciled these conflicting findings, and showed that charitable appeals that focus attention to the self (versus others) determines whether feeling wealthy or poor amplifies or reduces generosity.

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Are the rich more generous, or the poor? Myriad perspectives on this question have been offered – with supportive findings on both sides. Such disparate findings suggest that both a sense of wealth and poverty can promote generosity, albeit under different circumstances. Therefore, a key objective of the present research was to identify the conditions under which wealth and poverty produce generosity (as measured by charitable giving), and to validate these findings in controlled and naturalistic settings. To that end, we measured willingness to donate time to a fictitious cause, and solicited monetary donations to an existing charity. Finally, we examined whether our findings are limited to the adult population, or extend to children as well, which gave us insights into the universal nature of the phenomenon described.

The literature on how social status and material well-being affect charitable giving is fraught with conflicting findings. On the one hand, there are grounds to infer a positive association between having money and donation behavior. First, charitable donations typically flow from the more fortunate to the less fortunate rather than the opposite (Hong and Bohnet 2007). Extensive research on the behaviour of consumers in the top income brackets (households with tens to hundreds of millions of dollars) spanning 20 to 50 years indicates that as wealth levels increase, so does charitable giving (Schervish and Havens 2002).

On the other hand, some findings have found generosity to decrease in the level of income. For example, a survey that tracks philanthropic behavior reported that households earning more than$100,000 donate a smaller fraction of their income to than households earning less than $25,000 (Gardyn 2003). In addition, reminding people of money has been shown to reduce generosity, both in the form of charitable donation and helping behavior (Vohs, Mead, and Goode 2008).

Previous research therefore suggests that having money might sometimes promote and sometimes hinder generosity. Complicating matters still, the same results has been found with regard to lacking money, which can sometimes reduce prosocial behavior (Gasiorowska, Zaleskiewicz, and Wygrab 2012; Vohs, Mead, and Goode 2006) or conversely promote it (Cialdini 2001).

We propose a reconciliation of these seemingly conflicting findings. We predicted that the relationship between possession of monetary resources and displays of generosity might depend on whether the person is self-oriented (versus other-oriented) when faced with charitable opportunities. Indeed, previous research has identified that the behavior of those with money appears to largely be driven by self-focused considerations, whereas those without money are guided by the choices and behaviors of others (Kraus et al. 2012). By implication, we argue that in order to favor charitable behavior, the charitable appeal should be in line with the orientation of the potential benefactor. For people reminded of money, self-focused appeals will produce increased levels of generosity, and other-focused appeals will decrease it. For people primed with lacking money, the reverse will be true. In three experiments conducted in the lab and on the field, we provide support for this hypothesis, and show that the effect holds both for young children and adults.

Study 1 used a 2 (mindset: having versus lacking money) x 2 (focus: own versus others' behavior) between-subjects design in which participants read an essay and imagined themselves as the main character. The story described either a relatively wealthy individual who led an affluent life (having money condition) or someone with few financial means who lived a modest life (lacking money condition; 6). Next, participants were either asked to describe an event in which they behaved generously toward someone or an organization requesting help (own behavior condition) or in which someone else behaved generously toward someone or an organization (other's behavior condition). Finally, participants were asked to indicate the amount to hours they would be willing to volunteer towards the University Student Fund, and their answer served as a measure of generosity.

Results showed that when participants had been reminded of how they personally acted generously in the past, people in the mindset of having money signed up to donate more of their time than those in the lacking money condition. Among participants reminded of the generosity of others, the pattern reversed — as expected.

Study 2 extended these findings by including a control condition to assess the directionality of the effects found, and focusing on generosity with money instead of time.

Participants in this study were first primed with having money, lacking money or a neutral state using a sentence unscrambling paradigm. Next, the experimenter indicated that she was soliciting monetary donations for the World Wildlife Fund (WWF). When the focus was on the self, she asked participants whether they agreed that the WWF is an important enterprise for a green and sustainable planet (all participants agreed). When the focus was on the choices of others, she mentioned that many participants had already donated money to the cause. Results showed that, compared to the control condition, participants in the mindset of having money only donated more when the charitable appeal was focused on participants' opinion about the charity. The reverse pattern was found for participants in the mindset of lacking money, who were only susceptible to the appeal to others' behavior.

The last study, involving children aged 8-11 used the same design and procedure of Experiment 1 and found similar results thus showing that, even among young children—who might not yet have extensive experience with and a full understanding of the meaning of money— a sense of financial wealth or poverty can help or hurt charitable giving depending on whether the behavior of the self or of others is made salient.

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